

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

03-01-0

2. STATE:

Indiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2003

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.272

7. FEDERAL BUDGET IMPACT:

a. FFY 2003 \$ 0

b. FFY 2004 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Page 18
Attachment 4.19-B, Page 2.39. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Attachment 4.19-A, Page 18
Attachment 4.19-B, Page 2.3

10. SUBJECT OF AMENDMENT:

Indiana Medicaid Municipal Payment Adjustment

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Melanie Bella

13. TYPED NAME:

Melanie Bella

14. TITLE:

Assistant Secretary, OMPP

15. DATE SUBMITTED:

8/27/03

16. RETURN TO:

Melanie Bella, Asst. Secretary
Office of Medicaid Policy & Planning
402 W. Washington, Rm W382
Indpls., IN 46204
ATTN: T Brunner, State Plan Coordinator

17. DATE RECEIVED:

FOR REGIONAL OFFICE USE ONLY

18. DATE APPROVED:

08/10/2004

19. EFFECTIVE DATE OF APPROVED MATERIAL:

PLAN APPROVED - ONE COPY ATTACHED

~~07/01/03~~ 07/01/03

20. SIGNATURE OF REGIONAL OFFICIAL:

22. TITLE:

21. TYPED NAME:

RECEIVED

23. REMARKS:

RECEIVED

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State: Indiana

Attachment 4.19-A

Page 18

- (b) an amount equal to the lesser of the following:
 - (i) the hospital's customary charges for the services described in (a) above; or
 - (ii) a reasonable estimate by the Office of the amount that would have been paid for those services under Medicare payment principles.
- (2) For each state fiscal year ending after June 30, 2002, reimbursement in the form of a single payment, equal to the difference between:
 - (a) The amount of Medicaid payments to the hospital made pursuant to the Medicaid reimbursement provisions under Article 15 of the Indiana Code, excluding DSH payments made pursuant to Indiana Code 12-15-16 and 12-15-19, for services provided by the hospital during the state fiscal year, and
 - (b) an amount equal to 100 percent of a reasonable estimate by the Office of the amount that would have been paid for those services under Medicare payment principles.
- (3) The payment adjustment identified in (1) and (2) above shall be made after the close of the applicable state fiscal year.
- (4) Notwithstanding the foregoing, subject to the applicable payment limits under 42 CFR 447.272, the office may enter into agreements with hospitals, individually or in combination, to permit hospitals to receive lesser or greater adjustments, made after the close of the applicable state fiscal year, up to, but not to exceed the difference between:
 - (a) The aggregate amount of Medicaid payments to all hospitals made pursuant to the Medicaid reimbursement provisions under Indiana Code 12-15, excluding DSH payments made pursuant to Indiana Code 12-15-16 and 12-15-19, for services provided by all hospitals during the state fiscal year; and
 - (b) The aggregate amount, as reasonably estimated by the office, that all hospitals would have been paid for those services under Medicare payment principles.

However, the office may not enter into an agreement with a hospital if, in doing so, another hospital that is not a party to the agreement or that has not otherwise consented to the office's agreement, will receive under (2) above an amount less than what the hospital would have otherwise received under the formula set forth in (2).

EFFECTIVE DATE

Subject to approval by HCFA, these payment adjustments identified in 1 above, are to be effective on or after April 1, 1998. Payments being made beginning effective April 1, 1998 for SFYE June 30, 1998 and thereafter shall be paid by this methodology.

TN No. 03-010

Supersedes

TN No. 01-008Approval Date AUG 10 2004Effective Date July 1, 2003

- (b) an amount equal to 100 percent of a reasonable estimate by the Office of the amount that would have been paid for those service under Medicare payment principles.
- (2) The payment adjustment identified above shall be made after the close of the applicable state fiscal year.
- (3) Notwithstanding the foregoing, subject to the applicable payment limits under 42 CFR 447.321, the office may enter into agreements with hospitals, individually or in combination, to permit hospitals to receive lesser or greater payment adjustments, made after the close of the applicable state fiscal year, up to, but not to exceed the difference between:
 - (a) The aggregate amount of Medicaid payments to all hospitals made pursuant to the Medicaid reimbursement provisions under Indiana Code 12-15, excluding DSH payments made pursuant to Indiana Code 12-15-16 and 12-15-19, for services provided by all hospitals during the state fiscal year; and
 - (b) The aggregate amount, as reasonably estimated by the office, that all hospitals would have been paid for those services under Medicare payment principles.

However, the office may not enter into an agreement with a hospital if, in doing so, another hospital that is not a party to the agreement or that has not otherwise consented to the office's agreement, will receive under (1) above an amount less than what the hospital would have otherwise received under the formula set forth in (1).

Outpatient Hospital Medicaid Upper Payment Limit Test

As required by 42 CFR 447.321, the office will compute an upper payment limit test on an annual basis. Aggregate payments to categories of facilities may not exceed 100 percent of a reasonable estimate of what would have been paid using Medicare payment principles.

The office will estimate Medicare payments using the Medicare Ambulatory Payment Classification (APC) for hospitals under 42 CFR 419. The upper payment limit test will use Medicare payment rates and policies in effect for the period of the upper payment limit test. Hospitals will be categorized by their organizational type under 42 CFR 447.321, including privately owned and operated, non-state government owned or operated, and state owned or operated facilities. In computing estimated Medicare payments, the office will include estimated Medicare payments for allowable bad debt under 42 CFR 413.80. Estimated Medicare payments for outpatient graduate medical education will not be considered under the outpatient upper payment limit test.

TN No. 03-010
Supercedes
TN No. 01-008

AUG 10 2004

Approval Date: _____

Effective Date: July 1, 2003